

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 5762

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E.O. 11652: GDS

TAGS: OVIP (ROBINSON, CHARLES A), EGEN, BR, US

SUBJECT: UNDER SECRETARY ROBINSON'S CONSULTATIONS IN BRAZIL--

PART A: MEETING WITH FORMIN SILVEIRA

REF: BRASILIA 5761

DEPT IS REQUESTED TO PASS THIS MESSAGE ROUTINE INFO TO
RIO DE JANEIRO AND SAO PAULO

1. THE US-BRAZIL RELATIONSHIP: THE FOREIGN MINISTER OPENED BY REFERRING TO THE QUESTION OF A SPECIAL RELATIONSHIP. RECALLING THE MOST RECENT LUNCHEON MEETING IN WASHINGTON, SILVEIRA SAID HE HAD TOLD THE SECRETARY THAT BRAZIL WAS READY TO ACKNOWLEDGE THE EXISTENCE OF SUCH A RELATIONSHIP IF THE US WAS ALSO PREPARED TO RECOGNIZE IT. HE NOTED SOMEWHAT SARCASTICALLY, HOWEVER, THAT IN A RECENT STATEMENT ASST SECRETARY ROGERS HAD SAID THAT THE US HAD A SPECIAL RELATIONSHIP WITH EVERY LA COUNTRY. THE UNDER SECRETARY RESPONDED THAT THE SECRETARY WAS READY TO BUILD A SPECIAL RELATIONSHIP TO THE EXTENT BRAZIL CONSIDERED THIS USEFUL AND PRODUCTIVE. THE SECRETARY RECOGNIZED THE IMPORTANCE OF THE BILATERAL DIALOGUE AND PROPOSED TO ENGAGE IN INFORMAL CONTINUING EXCHANGES REFLECTING THE CHANGES IN THE WORLD ENVIRONMENT. HE, THE UNDER SECRETARY, PERSONALLY HOPED TO COME BACK TO BRAZIL FROM TIME TO TIME AND ALSO TO MEET IN WASHINGTON AND ELSEWHERE.

2. CONSULTATIVE ARRANGEMENTS. OBVIOUSLY UNHAPPY, SILVEIRA
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RECALLED HIS PROPOSAL FOR A "COOPERATION COMMISSION". HE THOUGHT

THE SECRETARY HAD AGREED TO THIS BUT THE CONCEPT, HE DEDUCED, HAD BEEN CHANGED BY THE DEPARTMENT. HE SAID THAT HE WOULD NOT BE INSISTENT. HIS IDEA HAD BEEN TO DISCUSS ANY PROBLEM. THE CURRENT US PROPOSAL, A BILATERAL CONSULTATIVE GROUP ON ECONOMIC QUESTIONS, WOULD NOT BE VERY EASY TO CARRY OUT BECAUSE THIS WAS PRECISELY THE AREA WHERE THE US AND BRAZIL HAD THE MOST DIFFICULTIES. HIS THOUGHT HAD BEEN THAT A BROADER APPROACH WOULD BRING US EVEN CLOSER, THAT WE WOULD DISCOVER NEW COMMON INTERESTS IN THE WESTERN COMMUNITY, NOTING THAT HIS CONCEPT ENCOMPASSED AFRICA AND THE MIDDLE EAST AS WELL AS LATIN AMERICAN, AS HE HAD STATED IN HIS RECIFE SPEECH. THERE WAS A DANGER THAT CONSULTATIONS LIMITED TO MORE SPECIALIZED AREAS, WOULD DISTORT THE CONCEPT OF THE RELATIONSHIP.

3. IN THEIR RESPONSE, THE UNDER SECRETARY AND THE AMBASSADOR REPEATED TO SILVEIRA ASSURANCES ALREADY GIVEN AND REITERATED THAT THE PROPOSAL OF A BILATERAL CONSULTATIVE GROUP ON ECONOMIC ISSUES IN NO WAY DIMINISHED OR QUALIFIED US INTEREST IN BROADER CONSULTATIONS AND WAS NOT INTENDED TO DEROGATE FROM A BROADER SCHEME OF CONSULTATIONS HEADED UP BY HIM AND THE SECRETARY.

4. RESUMPTION OF CONSUMER-PRODUCERS DIALOGUE. THE FOREIGN MINISTER NOTED THE VERY DIFFERENT POSITION OF BRAZIL AND THE US IN RESPECT TO DEPENDENCE ON OVERSEAS OIL SUPPLIES. THESE DIFFERENT POSITIONS --BRAZIL'S 80 PERCENT DEPENDENCE ON IMPORTS--ENTAILED DIFFERENT VISIONS. BRAZIL'S FIRST PREOCCUPATION INEVITABLY WAS TO GET THE PETROLEUM ITS ECONOMY NEEDED. DURING THE LAST CRISIS, BRAZIL HAD TO FEND FOR ITSELF; THERE HAD BEEN NO HELP. THE PRODUCERS ARE STILL IN A POSITION TO CUT PRODUCTION FURTHER. IF THEY DO, THE CONSUMERS WILL ALL HAVE TO RATION.

5. SILVEIRA SAID THAT, IF THERE WAS A CONSENSUS IN PARIS ON THE US IDEAS, BRAZIL WOULD AGREE. THE BRAZILIAN POSITION WAS A MODERATE ONE AND BRAZIL WOULD TRY TO HELP IN REACHING A GOOD AGREEMENT. BRAZIL DID NOT HAVE A GREAT DEAL OF INFLUENCE, BUT WOULD TRY TO INFLUENCE THE OTHER SIDE TOWARD MODERATION.

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6. CREATING AN ATMOSPHERE FAVORABLE TO PRODUCER MODERATION WAS IMPORTANT, SILVEIRA SAID, BUT IN THE LONGER RUN A TRADITIONAL ORGANIZATIONAL APPROACH WAS NOT ENOUGH. THE MINISTER STRESSED THAT HE THOUGHT THE ORGANIZATIONAL PHASE WAS RELATIVELY

EASY-- ALTHOUGH HE FORESEES CONSIDERABLE DIFFICULTIES OVER SUCH ISSUES AS THE SELECTION OF THE 27--AND EXPRESSED DOUBT THAT THERE WAS SUFFICIENT POLITICAL WILL

TO SOLVE THE SUBSTANTIVE PROBLEMS. THE DEPTH OF THE RESENTMENT IN LDCS WAS NOT ALWAYS FULLY APPRECIATED. BASED ON 30 YEARS' EXPERIENCE, HOWEVER, HE KNEW, AND HE HAD TOLD OTHER LDCS, THAT WHILE AMERICANS MAY GIVE AN ABRUPT "NO", THEY WILL CHANGE; THE EUROPEANS NEVER SAY "NO" BUT THEY NEVER CHANGE. OTHER LDCS ARE CONVINCED THAT IT IS ONLY THE UNITED STATES THAT PREVENTS AGREEMENT ON A BROAD APPROACH TO THE COMMODITY PROBLEM. HE WAS AWARE THAT THIS WAS NOT THE CASE.

7. COMMODITY POLICY. SILVEIRA SAID THAT IN HIS VIEW NOT A SINGLE LDC BELIEVES THE PROBLEM CAN BE APPROACHED PRODUCT-BY-PRODUCT. HE RECOGNIZED THAT THE PROBLEM WAS EXTREMELY DIFFICULT BUT HE FAILED TO SEE WHY THERE COULD NOT BE AGREEMENT CRIMMINS

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C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 5762

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DEPT IS REQUESTED TO REPEAT THIS MSG TO RIO DE JANEIRO AND SAO PAULO AS ROUTINE INFO.

ON GOALS, PRINCIPLES, AND GUIDELINES. THE MORE RECENT DEVELOPMENTS IN THE COFFEE NEGOTIATIONS WERE A GOOD ILLUSTRATION OF WHY A COMMODITY-BY-COMMODITY APPROACH, WITHOUT POLITICAL COMMITMENTS AND GUIDELINES DID NOT WORK. BRAZIL HAD REPEATEDLY MODIFIED ITS POSITION, INTER ALIA, TO TAKE INTO ACCOUNT CONSUMERS' VIEWS. THE NEW CONSUMERS PAPER, PUT FORWARD AT SHORT NOTICE, HAD BEEN "ENTIRELY DISRUPTIVE", HAD IGNORED PREVIOUS EXCHANGES, AND--IF IMPLEMENTED--WOULD RESULT IN A WEAKER AGREEMENT THAN EVEN THE 1968 ARRANGEMENT. IN THE CASE OF COFFEE, HOWEVER, BRAZIL HAD THE POWER TO SAY "NO" IRRESPECTIVE OF HOW MANY OTHER COUNTRIES WOULD SAY "YES". COFFEE WAS NO LONGER SO

IMPORTANT FOR BRAZIL BUT FOR A GREAT MANY OTHER COUNTRIES IT REMAINED CRITICAL TO DOMESTIC POLITICAL AND ECONOMIC STABILITY. EVERY CONSUMER COUNTRY NOW WAS SAYING PRIVATELY THAT THEY WERE IN A MINORITY IN SUPPORTING A MORE FORTHCOMING APPROACH. SILVEIRA ADDED THAT BRAZIL WAS TIRED OF THE "GAME" PLAYED WITH CENTRAL AMERICAN "MILDS" ON THE NEW YORK EXCHANGE, AND BRAZIL WOULD UNDERSELL, IF NECESSARY, REGARDLESS OF THE CONSEQUENCES FOR THE EXPORT EARNINGS OF OTHER COUNTRIES.

8. ROLE OF THREE COMMISSIONS. THE MINISTER FOUND THE THREE COMMISSIONS PROPOSAL AN APPEALING IDEA BUT SAID HE WAS NOT SURE IT WOULD WORK. UNDER SECRETARY ROBINSON SAID THERE MAY BE A MISUNDERSTANDING ON THE SUBSTANCE OF THE US PROPOSAL AND OUTLINED IN DETAIL US VIEWS ON ACCESS TO MARKETS AND SUPPOLIES, CONFIDENTIAL

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EXPORT EARNINGS STABILIZATION, THE ROLE OF BUFFER STOCKS, AND THE ALLOCATION AND GENERATION OF INVESTMENT CAPITAL, INCLUDING THE IDEA OF AN INTERNATIONAL RESOURCES BANK. WITH THIS SUBSTANTIVE BACKGROUND, THE UNDER SECRETARY SAID, THE SCOMMISSIONS COULD BECOME VERY POWERFUL AND EFFECTIVE INSTRUMENTS. THE US HAD NOT FULLY SURFACED ALL THESE IDEAS BECAUSE IT DID NOT WISH TO APPEAR TO BE WRITING ALL THE SCRIPT. THE COMMISSIONS COULD BECOME AN EFFECTIVE GALVANIZING, LOBBYING EFFORT.

9. THE FOREIGN MINISTER AGREED, NOTING THE VARIOUS SPEECHES AND STATEMENTS BY THE SECRETARY OF STATE. THE SECRETARY HAD MADE A VERY GREAT EFFORT IN PERSONAL AND POLITICAL TERMS. BUT THIS WOULD HAVE TO BE COMPARED WITH SUCH STATEMENTS AS THAT BY DEP ASST SEC KATZ ON COMMODITIES. SILVEIRA SAID ONE MIGHT AGREE THAT THIS IS AN EXTREMELY DIFFICULT AREA. THE POINT OF CONCERN WAS THAT US SPOKESMEN FELT COMPELLED TO SAY THIS EVEN BEFORE EXAMINATION OF THE PROBLEM IN THE COMMISSION BECAUSE OF DOMESTIC COUNTER-PRESSURE. SILVEIRA STRESSED AGAIN THAT HE THOUGH THE SECRETARY HAD MADE A VERY GREAT EFFORT--AND, HE SUGGESTED, MIGHT ALREADY BE PAYING A POLITICAL PRICE FOR IT.

10. IN HIS RESPONSE, UNDER SECRETARY ROBINSON STRESSED THAT THE POLICY OUTLINED BY THE SECRETAY WAS CLEAR AND HAD THE FULL SUPPORT OF THE PRESIDENT. ANY DIFFERENCES WITHIN THE ADMINISTRATION WERE MARGINAL. CONFRONTATION WAS ARTIFICIAL AND UNPRODUCTIVE. THE COMMISSION CONCEPT AS DESIGNED TO PROVIDE A MECHANISM FOR BETTER UNDERSTANDING WITH THE WESTERN UNIVERSE.

11. ATTITUDES OF OTHER COUNTRIES: SILVEIRA COMPARED BRAZIL'S ATTITUDE WITH THAT OF OTHER COUNTRIES. BRAZIL WAS FRANK IN PRIVATE AND MODERATE IN PUBLIC; IT WOULD SUPPORT A MODERATE CONSENSUS, EVEN THOUGH ITS INFLUENCE WAS LIMITED. HE WONDERED ABOUT THE REAL STRENGTH OF SUPPORT FROM OTHERS

FOR THE PLAN. WHILE THEY SEEMED TO AGREE, THEY HAD IT IN THEIR
POWER TO PREVENT PROGRESS. AT BOTTOM, THE US
APPROACH WAS TOO INTELLECTUAL. IT FAILED TO TAKE INTO ACCOUNT
THE FEELINGS OF HATE AND HOSTILITY HELD BY COUNTRIES. THE
OPEC COUNTRIES ARE NOT YET EFFECTIVELY LINKED TO THE WORLD
THEY LIVE IN. HE NEVER THOUGHT OIL PRICES WOULD BE ROLLED
BACK, BUT THE OPEC COUNTRIES AT BOTTOM WERE POLITICALLY MOTIVATED
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AND UNTIL THE POLITICAL QUESTIONS WERE RESOLVED, NOTHING COULD
BE COUNTED ON. THE MINISTER WAS NOT AT ALL SURE THAT A GROUP
OF COUNTRIES COULD BE EXPECTED TO ACT RATIONALLY. HE AGREED
ON THE IMPORTANCE OF SAUDI ARABIA BUT THOUGHT THE KINGDOM COULD
NOT, ULTIMATELY, GO AGAINST THE COMMON ARAB CAUSE. AT BOTTOM,
THE OIL PRICE ISSUE WAS AS MUCH A POLITICAL AS AN ECONOMIC
PROBLEM SINCE IT ESTABLISHED SOLIDARITY AMONG A GROUP OF
COUNTRIES WHICH, ON PURELY ECONOMIC GROUNDS, DID NOT EXIST.
BCRIMMINS

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